



Virginia Information Technologies Agency



# Presentation to House Appropriations Committee

**George F. Coulter**  
CIO of the Commonwealth

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## Understanding the contract

- 2005 contract defined the services to be delivered and inventory estimates for each service
- \$236 million Overall Fee Limitation was put into place
- Within the \$236 million Northrop Grumman required to deliver existing services and modernize the infrastructure
- Required comprehensive inventory and baseline adjustment upon completion
- To keep costs under the fee limit, Northrop Grumman will reduce price points for many services
- Contract also permits Commonwealth to purchase services outside of the Overall Fee Limitation
- Commonwealth has the ability to manage costs by managing consumption



## Need to amend the contract

- Current contract does not allow Northrop Grumman to meet all of the IT needs of the Commonwealth
- With actual inventory now completed, current contract requires readjustment to the baseline
- The contract must be converted from estimated inventory billing to actual inventory billing for two reasons:
  - Failing to make this change jeopardizes federal funding
  - VITA needs it to make adjustments to rates it charges agencies

**\$236M Overall Fee Limitation remains in effect**



## Purchase of additional services by Agencies

- Microsoft license compliance
- Non-centralized storage area networks and all direct access storage devices
- PC encryption – additional security for citizen data
- Managed router/firewall – unbundled network solutions
- Secure wireless access points – wireless end user connectivity that is compliant with the new security standard
- Additional disaster recovery – services above the baseline
- Bandwidth – upgrade bandwidth and/or request redundancy
- Copier usage



## Commonwealth's Future Needs

- Changes provide flexibility, more affordable options:
  - “Credit period” to work with agencies to implement consumption reduction initiatives
  - Visibility of actual costs through monthly billing
  - October 2010 agencies begin paying for resources consumed
  - Discrete price points so agencies pay only for what they consume
  - New, lower-cost storage solutions that allow agencies to manage costs and meet business needs
  - Corrections to administrative terms of the contract



# Financial Proposal

	FY2010	FY2011	FY2012->
Proposed Amendment, Including Additional Services	\$5M	\$35M	\$37.5M
Estimated Federal Funding	-\$1M	-\$9M	-\$9M
Estimated Consumption Savings	\$0M	-\$3M	-\$6M
<b>Net Estimated State Funds (GF/NGF)</b>	<b>\$4M</b>	<b>\$23M</b>	<b>\$22.5M</b>